

## FIRST DEFICIENCY APPROPRIATION BILL, FISCAL YEAR 1925

JANUARY 5, 1925.—Committed to the Committee of the Whole House on the  
state of the Union and ordered to be printed

Mr. MADDEN, from the Committee on Appropriations, submitted  
the following

### REPORT

(To accompany H. R. 11308)

The Committee on Appropriations, in presenting the accompanying bill making appropriations to supply urgent deficiencies in appropriations for the fiscal year 1925 and prior fiscal years, and to provide urgent supplemental appropriations for the fiscal year 1925, submits the following in explanation thereof:

The items recommended in this bill are all of an emergent character and comprise those sums which are so urgent that it would be exceedingly unwise to delay their consideration and enactment until the final deficiency bill at the close of the session. A number of matters in addition to those included in the bill were also presented to the committee, but they were not deemed so pressing that their consideration could not, without prejudice, be safely postponed until a later date.

The Budget estimates upon which this bill is based were submitted by the President in House Documents Nos. 487, 488, 490, 491, 492, 493, 494, 495, 518, 519, 521, and 528, of the present session, aggregating \$157,089,200. In addition to this sum the committee has considered and recommended the sum of \$22,500 to pay the usual gratuity to the widows of three Members of the House who have died since Congress adjourned in June. The total amount recommended in the bill is \$157,111,700. The amounts recommended in the Budget estimates submitted in the documents above enumerated and approved in the accompanying bill without modification, are as follows:

Refund internal-revenue taxes illegally assessed and collected----	\$150,000,000
Continuation of work on Dam No. 2, Muscle Shoals, Ala.-----	3,501,200
Purchase of capital stock of the Inland Waterways Corporation--	3,000,000
Prevention of epidemic diseases-----	275,000

Repair of Coast Guard cutter <i>Manning</i> -----	\$150, 000
Completion of post office and courthouse at Paris, Tex-----	61, 000
Insect infestation, national parks-----	25, 000
Gratuities to widows of deceased Members of the House-----	22, 500
Miscellaneous expenses, Supreme Court of the District of Columbia-----	20, 500
Expenses of the Pueblo Lands Board-----	19, 500
Fire protection, Naval Observatory-----	15, 000
Mileage of messengers conveying the electoral vote-----	14, 000
Additional personnel, office of commandant of the Coast Guard-----	7, 500
Expenses of Department of Justice in suits to enforce acts to regulate commerce-----	500
Total-----	157, 111, 700

Of the total recommended in the bill it will be noted that \$156,-501,200 is carried in three items in the bill, leaving \$610,500 for the remainder of the objects. The largest single item is the sum of \$150,000,000 recommended for the refund of internal revenue taxes. This sum is recommended to cover the allowance of refunds until next December when the next regular session of Congress begins. It has been the practice in the recent past to carry appropriations of this character in the deficiency appropriation bills. Practically all of the claims arise because of taxes paid in previous fiscal years and particularly during the period of the war and immediately following. The Bureau of Internal Revenue now has on hand awaiting payment 7,471 approved claims involving a total of \$7,-641,408.39 and the unexpended balance of the appropriation available for payment of them is \$947,004.91. It is difficult to predict accurately in advance the amounts which will be required for this purpose. Factors entering into such a determination are the rapidity of the audit and disposition of cases, legislation changing the status of cases, changes in law relative to the payment of interest on refunds and court decisions. It is estimated that court decisions involve refunds in excess of \$100,000,000. Legislation extending the time of filing claims in the 1917 and 1918 cases where the statute of limitations had expired has resulted in the bringing in of 35,000 claims since last January affecting cases that were previously closed. The change in the payment of interest on refunds, made in the revenue act of 1924, whereby interest is now payable from the date of the payment of the tax until the date of the approval of the refund by the commissioner instead of from the date of the filing of the claim to the date of approval of the refund will result in the payment of a largely increased amount on account of interest. These factors all make it difficult to estimate accurately the amount which will be needed over a given period. The refunds affect a large number of taxpayers. The number of refunds made in the fiscal year 1923 was 253,320, in the fiscal year 1924, 192,252, and in five months of the fiscal year 1925, 41,324 (exclusive of 2,576,664 refunds under the 25 per cent reduction in taxes). It will be interesting to compare the amounts refunded with the total tax collected and the amount recovered by the Government in cases where underpayments of tax have been ascertained and collected. The following tabulation gives this data by fiscal years and in the aggregate to date:

*Statement showing total internal-revenue receipts, total amount of additional assessments and collections resulting from office audits and field investigations, and total amount of refunds of taxes illegally collected for fiscal years 1917 to 1924, inclusive, and first three months of fiscal year 1925*

Year	Total internal-revenue receipts	Amount of additional assessments and collections resulting from office audits and field investigations	Amounts of refunds of taxes illegally collected
1917-----	\$809,893,640.44	\$16,597,255.00	\$887,127.94
1918-----	3,698,955,820.93	29,984,655.00	2,088,565.46
1919-----	3,850,150,078.56	123,275,788.00	8,654,171.21
1920-----	5,407,580,261.81	466,889,350.00	14,127,098.00
1921-----	4,594,357,061.95	416,483,708.00	28,656,357.95
1922-----	3,197,451,083.00	266,978,873.00	48,134,127.83
1923-----	2,621,745,227.57	500,670,632.00	123,992,820.94
1924-----	2,796,179,257.06	577,710,044.00	137,006,225.65
Total, 8 years-----	26,976,812,421.32	2,498,590,294.00	363,546,494.08
First quarter, 1925-----	622,818,824.24	40,745,853.00	141,325,177.74
Total-----	27,599,431,245.56	2,539,336,147.00	404,871,672.72

<sup>1</sup> Includes \$16,906,797.21 refunded under provisions of section 1200 of revenue act of 1924 (25 per cent refunds of 1923 taxes).

The appropriation of \$3,501,200 for continuation of the work on Dam No. 2 at Muscle Shoals, Ala., is the remainder of the total amount authorized in the War Department appropriation act for the fiscal year 1924. That act authorized, in addition to the appropriations made, the entering into contracts for machinery and equipment for an aggregate of \$10,501,200, of which \$7,000,000 has been appropriated. The amount carried in this bill completes the appropriations under that authorization. The sum carried in this bill together with the appropriation of \$3,040,390 in the pending War Department appropriation bill will complete the dam, powerhouse, and all apparatus, ready for the delivery of power at the end of the dam. It is estimated that the work as previously authorized and being carried on now will be completed by midsummer. Funds for continuation of the work will be depleted about the middle of January and the urgency of this item is therefore apparent.

The amount recommended for the Inland Waterways Corporation is pursuant to the act of June 3, 1924, creating a corporation in the place of the former inland and coastwise waterways service. The amount is for the purchase by the United States of \$3,000,000 of the authorized \$5,000,000 of capital stock. The sum will be used for the purchase of additional equipment for the fleets operated on the Mississippi and the Warrior Rivers. The corporation has been established pursuant to the act of June 3 but as the session closed on the 7th of June it was not possible to consider then the making of the necessary appropriation to carry the act into effect.

Bubonic plague has been discovered again among rodents at the port of New Orleans. It was necessary for the Public Health Service to undertake recently further intensive work of eradication of rodents at that port. Plague control and eradication measures have also become necessary at Oakland, Calif., and vicinity due to a condition similar to that at New Orleans. The amount of \$275,000 recommended in the bill for prevention of epidemics is granted to

carry on the work at the port of New Orleans. Estimates for the amount necessary to handle the situation in California will be presented for consideration in connection with the next deficiency bill. In the meantime the general character of the appropriation herein granted will enable obligations to be incurred in connection with the situation at Oakland and to carry on all necessary work at both places until further funds are made available.

The appropriation of \$150,000 for repairs to the Coast Guard Cutter *Manning* is needed to enable this boat to be repaired and returned to its station off the Virginia capes as soon as possible. A recent survey of the vessel resulted in her withdrawal from active service. It is estimated that the amount recommended will place her in good condition for a possible service of 10 more years. It is believed the expenditure is a wise one and unless made the Coast Guard will be further handicapped in its work of rescue and relief of vessels in distress.

The appropriation of \$61,000 for completion of the post office and courthouse at Paris, Tex., is in pursuance of a special act of Congress to provide a building to replace one destroyed by fire. The contract heretofore let for complete construction of the building was for \$161,000, of which \$100,000 has been appropriated. The amount is necessary at this time to make payments which are due to the contractor. The contract let is \$9,000 less than the authorization by Congress and the building is about 85 per cent completed.

Other items in the bill of a minor character are granted either to carry out laws heretofore enacted and for which no appropriation has been provided or to care for emergencies which exist.

Two items are recommended providing for the use of money heretofore appropriated. The sum of \$15,000 is made available for the Office of the Judge Advocate General, War Department, to pay the expenses of arbitration of the royalties under the patents owned by the American Cyanamid Co. for the fixation of nitrates at the Muscle Shoals plant No. 2 under clause X of the contract with that company dated June 8, 1918.

The sum of \$2,000 is made available to enable the Secretary of State to publish the certificates of the final ascertainment of the electors for President and Vice President of the United States as transmitted to the Secretary of State by the executive of each State. The publication of these certificates is required by law and no appropriation has previously been provided out of which the expense can be defrayed.

Two items submitted for consideration are not incorporated in the bill. The sum of \$50,000 was requested for expenses of the Agricultural Conference recently assembled by the President and authority was requested for the use of \$275,000 of the funds heretofore appropriated for river and harbor improvement for further survey and study of the project for the development of the St. Lawrence River. Without prejudice to the merit of either proposal, the committee has not included them in the bill for the reason that they are propositions of major importance for which there is apparently not sufficient substantive law to bring them within the jurisdiction of the committee.